Proposal from

The Center for the History of Political Economy

Duke University to

the Charles G. Koch Foundation

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Proposal

The mission of the Center for the History of Political Economy at Duke is to promote and support the teaching of, and research in, the history of economic thought. The proposal seeks funding to support the activities of the Center. This funding will allow the Center to build on its existing strengths and to put it on a more sustainable basis in the long run.

Rationale – Why the History of Economic Thought Is Important

It is our foundational belief that the study of the history of economics constitutes an essential part of the broader liberal education of economists. The training of economists today, especially at the graduate level but increasingly at the undergraduate level as well, overwhelmingly emphasizes the acquisition of technical, mathematical skills. Too often working through problem sets has replaced classroom discussion. Students who want to debate the "big questions" are frustrated when their professors respond with either blank stares or the admonition to concentrate on developing their skill sets. Students have no idea where the ideas behind economics came from, where it fits in the development of the western tradition, or how it connects with other disciplines, and in fact are told to stop worrying about such matters if they want to be successful. Reemphasizing the study of the history of economics is one way to try to restore some balance in the education of economists.

How might studying the history of economics help make for better economists? First, it provides a means, by the study of original texts and related documents, of engaging with some of the greatest minds in the western tradition: Bradley Bateman has nicely described this aspect of a typical course as "sitting on a log with Adam Smith."[1] Perhaps more to the point, a course in the history of economic thought is typically the *only* place that our students get exposed to the ideas of economists who do not fit into the mathematical modeling mold. These include great figures from the classical period, of

[1] Bradley Bateman, "Sitting on a Log with Adam Smith: The Future of the History of Economic Thought at the Liberal Arts Colleges," in *The Future of the History of Economics,* ed. E. Roy Weintraub, annual supplement, *History of Political Economy,* vol. 34, 2002.

course, such as Smith, David Ricardo, and John Stuart Mill, but also more recent figures such as Carl Menger, Alfred Marshall, Ludwig von Mises, Friedrich Hayek, and Joseph Schumpeter. Today, if an economics student knows anything about the ideas of such men, or for that matter, about those of Karl Marx, Thorstein Veblen, or John Maynard Keynes, odds are that it is not something that he or she learned in an economics class. As mentioned above, in most of their classes, economics students do not get to debate "the big questions." Given that during a typical course in the history of economics one juxtaposes the ideas of Smith with those of Marx, or of Hayek with those of Keynes, it becomes evident that the big questions are really the whole point of the class.

A class in history of economic thought is also one of the few places in the economics curriculum where economists must engage other disciplines in the social sciences and humanities. As Robert Heilbroner emphasized in the title of his best-selling book, *The Worldly Philosophers*, economics as it developed over the centuries was the creation of scholars and thinkers who did not see themselves as "economists," but as people trying to make sense of the social universe in the same way that natural philosophers were trying to make sense of the natural world. And they were a diverse lot, with diverse interests. Adam Smith taught the principles of rhetoric and moral philosophy as well as those of political economy. Most people who know the name of John Stuart Mill think of him as a philosopher rather than an economist; he was of course both, and much else besides. John Maynard Keynes wrote a book on probability theory, and Friedrich Hayek one on the theory of mind. The list may easily be extended.

Economists are notoriously bad at conversing with non-economists, which has obvious costs. Communication across fields *is* often difficult, owing to the variety of unstated assumptions that people bring from their particular disciplinary backgrounds, and to the difficulty of being aware of one's own assumptions and of articulating them to others. Disciplinary specialization is a form of professional socialization: *this* is how you are to look at problem *x* if you are an economist. Studying the history of ideas enriches the learning process. A trip to a foreign country makes one aware of one's own cultural biases; a course in the history of economics makes one aware of one's own disciplinary biases.

A liberal education is generally desirable, and those graduate students who missed learning any history of economic thought as undergraduates would surely benefit – for similar reasons – from the kind of education that we propose for undergraduate economics majors. But there are also reasons to study this history that are more closely related to the professional practice of economics.

A common complaint of more senior faculty is that graduate students are trained – and seem to believe – that relevant economics began about five years before they entered

graduate school. This is a barrier to the advancement of economic knowledge for at least two reasons. First, ignorance of history is a barrier to the accumulation of knowledge: students who know the past of the discipline only through potted caricatures in textbooks written by faculty equally ill-acquainted with the past are doomed to reinvent the wheel. Second, the path of any science is not straight, but labyrinthine: when promising avenues of inquiry disappoint or research leads to dead ends, the record of how the science got to the impasse provides a map back to paths not taken. Students with a knowledge of the history of economic thought are more aware both that options are available and of which options they are.

Knowledge of the history of economics allows students to see not only how current understandings developed, but also why. What seemed to be a compelling move at one time may look quite different when conditions change. But to understand that it was a contingent move in the first place and not the very definition of good economics for all time requires historical perspective. When one knows more about the history of one's discipline a whole new set of questions and insights arise. Then the idea that all that one needs to know about economics is contained in the latest working paper, a sentiment often expressed by economists, can be seen for what it is: a simple (and simplistic) expression of scientistic prejudice.

Finally, the history of economics attempts to answer certain fundamental questions about the evolution of the discipline itself: Why did economics turn out the way it did? How did we get here? What internal and external forces helped to shape our journey? And might there be a better way? In short, the history of economic thought is a vital tool for self-understanding and self-criticism. Economics is not a particularly introspective discipline. The fact that economists can so easily and casually accept the disappearance of all knowledge of the history of their own subject is perhaps the best evidence of that claim. We owe our students, and ourselves, much more than that.

The Center for the History of Political Economy

The Center for the History of Political Economy began operation in fall 2008 and was initially funded by a grant from the John W. Pope Foundation. Duke University was a logical place to site the Center because of its longstanding tradition of excellence in the field.

Duke Economics has long been identified as the premier place to study the history of economic thought in the world. Building on an earlier history of excellence, for a period of 40 years Duke boasted three first-rate faculty members who specialized in the area: Neil De Marchi, Craufurd Goodwin, and Roy Weintraub. A fourth faculty member, Kevin Hoover, joined the faculty in 2006 as a tenured Full Professor with a joint appointment in the

Philosophy and Economics Departments, and Bruce Caldwell joined the Economics faculty as a Research Professor in 2008 to direct the Center.

The five Duke professors of the history of economic thought are among the most prominent in their field. The three senior members are all Distinguished Fellows of the History of Economics Society (HES), an international organization of historians of economics. Four of the five have served as presidents of that society. Goodwin's 2014 book, *Walter Lippmann: Public Economist* (Harvard) was published to wide acclaim. Weintraub's book with Till Düppe, *Finding Equilibrium: Arrow, Debreu, McKenzie and the Problem of Scientific Credit* (Princeton, 2014) received HES's Joseph J. Spengler Best Book Award in 2016. (Pointing to the deep roots of the field at Duke, the award honors J. J. Spengler, a Duke Professor who published widely in the history of economic thought.) Hoover won the HES's Best Article Award in 2015, and Caldwell won it in 2016. Goodwin, Weintraub, and Caldwell all edit prominent book series. Caldwell was in 2016 the inaugural recipient of the Hayek Scholarship Prize from the Manhattan Institute, awarded to recognize his work as the General Editor of *The Collected Works of F. A. Hayek* (Chicago). Having five such distinguished scholars at Duke has burnished its reputation as the best place in the world to study the history of economic thought.

There are other reasons for this reputation. The top academic journal in the field, *History of Political Economy* (HOPE) has been edited and published at Duke since its inception in 1969. (Long edited by Goodwin, it is now edited by Hoover.) The annual HOPE conference and the annual conference volume that memorializes it have served as an important guidepost for research in the field since 1987. The HOPE workshop (a seminar in which outside speakers deliver papers on some aspect of the history of economic thought) has been long-running. Finally, Duke's David M. Rubenstein Rare Books and Manuscript Library is home to the Economists' Papers Archive, a world-class collection of the academic papers of important economists of the past and present.

Since its inception in 2008 the Center has helped support already existing activities at Duke. It has given financial support to the annual HOPE conference, as well as sponsored smaller conferences of its own. The workshop series has been greatly expanded, and supplemented with HOPE lunches in which mainly fellows of the Center and resident scholars present work in progress. Finally, the presence of the Center has assisted the Rubenstein Library in its efforts to attract the papers of prominent economists. The acquisition of the Paul Samuelson papers in 2010 was a great coup, leading to many new additions. At present, the Archive boasts the papers of 12 Nobel laureates (including those of F. A. Hayek on microfilm) and approximately fifty other economists, among whom are such notables as Carl Menger, Oskar Morgenstern, Arthur Burns, Anna Schwartz, and Axel Leijonhufvud. It is the official repository for the papers of the American Economic

Association. The Center has helped in creating, and contacting, a list of potential donors. Through its Summer in the Archives Program, the Center has provided funding for personnel to help process and organize new additions to the collection.

In addition to its support and supplementation of existing activities, the Center has added two new programs that directly contribute to its mission: Summer Institutes and the Fellowship Program.

In order to support its teaching mission the Center has run annual Summer Institutes since summer 2010. These run from two to three weeks and enroll 20 to 30 students. The themes of these institutes have varied; the program of study for each is available on the Center website (http://hope.econ.duke.edu). The goal of the Institutes is to get people interested in the history of economic thought, in the first instance as teachers, but for some, as a possible research field. Three institutes were funded by the NEH and were aimed at college teachers in the humanities and social sciences; the rest were funded through internal funds and were aimed at graduate students in economics. In total 205 individuals have participated in these programs during the last six years. In 2014 we surveyed all participants, dividing them among participants in the NEH-sponsored institutes and participants in institutes aimed at graduate students. We also separately surveyed those attending the 2014 institute. As noted in the 2008-2014 Center Highlights Report (accessible at http://hope.econ.duke.edu/node/1024), nearly half of the participants were either already introducing the history of economic thought into their classes (some of these were teaching history of economics courses, others were teaching courses in which the history was integrated) or planned to do so when they began their teaching careers.

The most important of the Center's programs for promoting research is its Fellowship Program. To date (including the 2016-17 class) the Fellowship Program has hosted 69 research fellows, who are in residence for at least a semester, and more than 90 additional visiting scholars (principally visitors to the Economists' Papers Archive). The Fellows have included, in addition to economists, scholars trained in philosophy, history, sociology, political science, anthropology, classics, and economic geography. Fellows participate in our regular workshops and HOPE lunches and attend the annual HOPE conference. The HOPE workshops and lunches currently draw between 15 and 20 people; the workshop has become one of the largest in the Economics Department.

The Fellows' stays at the Center have benefited a number of them in terms of their own career trajectories, as a sampling of their histories indicates. Rob Leonard won HES's Spengler Best Book Prize for his book *Von Neumann, Morgenstern, and the Creation of Game*

Theory. Teresa Tomas Rangil, whose dissertation won HES's Joseph Dorfman Award, went on to a two-year post-doctoral fellowship at Oxford University. Luke Gardiner completed his PhD in classics while at the Center and left to take up a three-year fellowship in the Classics Department at the University of Chicago. Tiago Mata departed Duke to undertake a multi-country comparative examination of the role of media in covering 20th-century economic crises, a project that he executed at Cambridge University with a 5-year, 1.5 million euro grant. He subsequently was appointed to a faculty position in the Department of Science and Technology Studies at University College, London. Catherine Herfeld won a post-doctoral fellowship at the Munich Center for Mathematical Philosophy, from which she has recently moved to the University of Zurich for a junior professorship in Philosophy of the Social Sciences and Social Theory. Past Fellows in economics Emily Skarbek, Rob Van Horn, Beatrice Cherrier, Yann Giraud, José Edwards, and Alex Gill moved from the Center to tenure-track positions at King's College, London, the University of Rhode Island, the University of Caen, the University of Cergy-Pontoise, Universidad Adolfo Ibáñez, and Saint Lawrence University, respectively. A past Fellow (Adam Leeds) and current one (Onur Özgöde), together with Summer Institute attendee Daniel Hirschman, organized a two-day conference at Harvard in September 2016 on the theme "Historicizing 'The Economy.'" Leeds finished his dissertation at the Center and is now an assistant professor at Columbia University. Most recently, another Summer Institute alumnus took over the retiring Malcolm Rutherford's course in the history of economic thought at Victoria University. Though they are not Duke graduates per se, the "placement" of many of our Fellows and Summer Institute participants is impressive and has been a principal factor in further embellishing the reputation of the Center and of Duke internationally.

Since the inception of the Center, the HOPE group has attracted both MA and PhD students who have an interest in the history of economic thought. Jeremy Spater, Alexandra Hecker, and Matt Panhans all pursued their MA degrees in Economics at Duke and regularly attended our workshops. Spater and Hecker are now PhD students in the Political Science Department at Duke. Panhans has just finished his Economics PhD at Duke, along with John Singleton. Panhans has accepted a job offer from the FTC, and Singleton from the University of Rochester. These are two of the best placements for their graduating class. Gabriel Olivia just finished his first year in the PhD program at Duke, where he will continue next year; he has also been awarded an Adam Smith Fellowship by George Mason University.

For outreach to the larger community, the Center has sponsored a Hayek Lecture Series since 2010, bringing important public intellectuals to campus to lecture on issues and ideas of interest. Lectures are open to the community. There are four lectures each academic year; past speakers have included Tyler Cowen, Richard Epstein, Jonathan Haidt, Virginia Postrel, Matt Ridley, Russ Roberts, Amity Shlaes, and John Taylor. The Center

employs its website to advertise activities and it is also a vehicle for outreach, as it contains a "Resources" section that collects a variety of materials and links that would be of use to anyone with an interest in teaching or doing research in the history of economic thought. For more on this, see http://hope.econ.duke.edu/ As evidenced by the diversity of fellows and students and the placements they receive, Duke has cemented its reputation as the best place in the world to study the history of economic thought.

Current Challenges

The Center faces two major challenges going forward. The first is the retirement of the three long-standing professors in the history of economics mentioned above, Goodwin, De Marchi, and Weintraub. All three have now retired, and Goodwin passed away in April 2017. This leaves Kevin Hoover, whose appointment is half in Philosophy, and Bruce Caldwell, whose appointment is half in Economics and, as Center Director, half in the Dean's office. Obviously the teaching mission of the HOPE group as it concerns Duke students has been adversely affected by this situation. It should be noted that historically HOPE classes have been extremely popular with students, and the HOPE professors have received high scores on course evaluations, despite the large amount of writing typically required in their classes. The reduction in the number of classes in the history of economic thought as the result of these retirements has already been noticed, as evidenced by this recent editorial in the Duke student newspaper:
http://www.dukechronicle.com/article/2016/10/the-failure-of-the-department-of-economics

The second challenge is financial. In the years since the initial Pope Foundation grant, the Center has been successful in attracting additional funding from a variety of sources, including the Earhart Foundation, the Institute for New Economic Thinking, the National Endowment for the Humanities (NEH), and the Thomas Smith Foundation. The total amount of funds raised since 2008 exceeds $3,220,000. Aside from the salary of Bruce Caldwell, and the annual workshop budget provided by the department (which all fields in Economics receive), from its inception the Center has been entirely self-funding.

Unfortunately, not all of these sources will be available in the future. The Earhart Foundation has now spent down its endowment. The Center has twice tried to raise additional funding from the Institute for New Economic Thinking, both times unsuccessfully. Grants from the NEH are exclusively for Summer Institutes aimed primarily at faculty members in the humanities and the other social sciences. Though the NEH institutes have been a nice form of outreach, they do not contribute to our core mission.

That leaves the Smith Foundation and the remaining Pope Foundation funds, which have been used principally to cover the salary of the Center's part-time secretary, the Summer Institute (in recent years, scaled back), the Fellowship Program, and the Hayek Lecture series. Though we will continue to seek funding from these sources, the long-term viability of the Center requires us to find additional funding.

Proposal in Detail

We seek funding to ensure the long-run viability of the Center and its activities. In our planning horizon, we define "long run" as ten years. We plan to use the seed money provided by the Charles Koch Foundation to attract new faculty and graduate students, to fund the Center's ongoing activities, and to develop other avenues of support for the Center.

1. Academic Personnel – The goal here is to build a critical mass of faculty to meet the teaching / research needs of the field at Duke and to ensure the smooth running of the Center and its activities. Here is one possible way to accomplish that goal.

- **Professorship in the History of Economic Thought/Center Director –** We seek $1,456,932 in salary and fringe benefit funding over five years to support a new tenured Professorship in the History of Economic Thought at the full professor level. The current Center Director, Bruce Caldwell, will be put up for this position. Efforts to endow this position are currently well underway.

- **Research Professor, Associate Director of the Center –** We seek $1,353,586 over five years to fund a new research professor position for an Associate Director of the Center, who will assist the Director in planning and overseeing the various programs of the Center. The Associate Director will be offered a five year, fixed term contract by the University, renewable thereafter in five-year increments.

- **Tenure Track Professor, Any Rank, Any Field –** We seek $1,353,586 funding over five years to support the hiring of a tenure track/tenured professor.

- **Start Up Funding, Research and Travel Funding, Summer Supplements** To make the new appointments particularly attractive, we will provide funding over five years for each of the two new hires with a start-up budget ($25,000 each), research and travel budget, and a summer supplement ($30,000 each year per person). The Director will also be provided with a research and travel budget and summer supplement ($30,000 per year).

Together these costs total $500,000.

Discussion: The Professorship in the History of Economic Thought is a new position that is being made possible by the commitment of an independent donor. Bruce Caldwell will be put up for this position. The Koch commitment would be used to cover his salary and fringe benefits for the first five years of the contract. This would allow the transition to take place in a timely way, rather than waiting until the endowment is fully funded and distributing funds.

The Research Professor, Associate Director of the Center is a new position that would be used to hire a historian of economic thought whose responsibilities would include, in addition to teaching and research, assisting the Director in running the various Center programs and in seeking additional funds. This would be a five year fixed term contract that is renewable contingent on favorable reviews and the availability of funding.

We seek a research professor rather than a tenure track professor because of the peculiarities of the relationship of our subfield with the Economics Department. Though the Department fully supports the Center's mission, it is also seeking a place in the top 10 departments in the country. Such placement typically requires that most faculty are research active and publishing in the top 5 economics journals. Unfortunately, those journals typically prohibit (either de facto or de jure) publication by historians of economic thought. We feel it would be nearly impossible to identify a historian of thought that would meet the requirements of the department. We could search, but we would not be able to hire.

Though the appointment will necessarily be written as a fixed term contract continuation of which is contingent on securing additional funding, it is also true that in the past, research professors are retained at Duke despite this constraint. This is probably the most realistic way to get another historian of economics appointed for the long term at Duke.

The Tenure Track/Tenured Professor, Any Rank, Any Field is a new positon. Though tenable in any department, the expectation would be that the new professor would contribute substantively to the mission of the Center in terms of teaching, research, and engagement with our programs.

While the constellation of positions outlined above is a plausible way forward, all will depend crucially on finding the best people for the positions, attracting them to Duke, and then getting them appointed. We request the ability to alter the plans to take advantage of any opportunities regarding hiring that may present themselves.

2. Fellowships

- **Center Fellowships –** We seek $950,000 funding over five years for Fellowship stipends for visitors to the Center. Stipends would be in varying amounts depending on the seniority of the applicant. Koch Foundation funds would support these fellowships during FY18 and FY19. We will seek funds for FY20, FY21, and FY22 from other funders; however, should we not be successful, the Koch Foundation agrees to fund them through FY22.

- **Graduate Student Fellowships –** We seek $840,000 funding over five years to support graduate fellowships for promising PhD students in any discipline who have a serious and demonstrated interest in studying the history of economic thought. This is demonstrated by having it as a field or by undertaking an acceptable history of economic thought topic as part of their dissertations. Koch Foundation funds would support these fellowships during FY18 and FY19. We will seek funds for FY20, FY21, and FY22 from other funders; however, should we not be successful, the Koch Foundation agrees to fund them through FY22.

Center Fellowships already play an integral role in the Center's programs. The graduate Fellowships would allow the Center to attract graduate students to Duke to study the history of economic thought from a number of disciplinary perspectives. Students will be expected to participate in the various programs that the Center runs as appropriate. We expect that the stream of applicants will be uneven. Funding will be used only in those situations in which well-qualified applicants are available. This will help to ensure the Center's ability to fund graduate students over the full ten-year planning horizon.

3. Programs and Operations

- **Summer Institutes, HOPE Conferences and other events, Workshops, and the Hayek Lecture Series –** We seek $925,000 funding over five years to support the ongoing programs of the Center. This includes our annual Summer Institute, costs for which include stipends to cover travel, lodging, and study materials for the students; lodging, meals, and stipends for invited discussion leaders and lecturers; and an opening reception and closing dinner for all participants. The funding will also be used to defray costs of the annual HOPE conference (and other one-off conferences as they are planned), the workshop series, and the Hayek Lecture Series. Costs include travel, meals, and lodging and other incidentals for workshop speakers and conference attendees, and similar expenses plus honoraria for speakers in

the Hayek Lecture Series. Koch Foundation funds would support the Summer Institutes during FY18, FY19 and FY20. We will seek funds for FY21 and FY22 from other funders; however, should we not be successful, the Koch Foundation agrees to fund them through FY22. Koch Foundation funds would support the conferences, workshops, lunches, and Hayek Lecture Series during FY18 and FY19. We will seek funds for FY20, FY21, and FY22 from other funders; however, should we not be successful, the Koch Foundation agrees to fund them through FY22.

- **Administrative Support –** We seek $234,586 funding over five years for administrative staffing. This will pay the salary of the current part-time administrative assistant.

- **Web Design and Maintenance –** We seek $50,000 funding over five years to support a redesign of the website and for its maintenance.

- **Miscellaneous Costs –** We seek $25,000 in funding over five years to cover miscellaneous costs.

4. Library Allocation

We seek $928,000 funding over five years to support the Rubenstein Rare Books and Manuscripts Library. Koch Foundation funds will support the library allocation during FY18 and FY19. We will seek funds for FY20, FY21, and FY22 from other funders; however, should we not be successful, the Koch Foundation agrees to fund them through FY22.

The Economists' Papers Archive is evidently a chief resource as well as attraction for those who visit the Center as Fellows or Visiting Scholars. The Archive has greatly increased in size of late, due to the Center's presence.

Increasingly, economic documentation has shifted from paper to electronic form. Angus Deaton's "papers" recently arrived, and almost all of his correspondence and other materials were in electronic form. Deirdre McCloskey has promised her "papers," which includes her website. As more and more collections arrive with email, electronic data files and other digital documents, the Rubenstein Library seeks to build a more robust capacity to preserve, describe and make these materials more widely available. Unlike paper collections, digital records cannot sit in someone's attic for years before they come to an archive. They must be transferred from their media as soon as possible and preserved, before they disappear. Also unlike paper collections, digital records cannot be accessed AT ALL by researchers until they are processed and preserved. A researcher can comb through

messy, unprocessed paper materials, but a hard drive, a floppy disk—these cannot be made available without risk to the contents. A digital archivist must do the initial preparatory work. No other institutions are doing this work for economists' papers, so this step would put us on the cutting edge of preservation, enhancing the ability of the Rubenstein Library to attract new collections and the reputation of Duke as the place to come to study both the distant and more recent history of economics.

Program requirements in this area include:

- Electronic Records Archivist: $425,000 ($85,000 per year for 5 years; this person would be dedicated to working on the Economists' Papers Archive).
- Support and Equipment: $56,500 (electronic records workstation, professional travel)

Of course, many retiring economists still have large sets of paper records. Often these collections arrive with hundreds of boxes of documents that need to be sorted, organized, and described in order to make them available. A considerable backlog has developed in the past recent years that needs to be cleared. Program requirements in this area include:

- Collection Cataloger: $375,000, or $75,000 per year for 5 years.
- Support, Equipment and Supplies: $71,500 (2 laptops, furniture, professional travel, archival supplies, student assistant budget)

It should be noted that support for the library is looked upon extremely favorably by the Duke administration, and strengthens its support for this proposal.